



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 106th CONGRESS, FIRST SESSION

Vol. 145

WASHINGTON, TUESDAY, JUNE 8, 1999

No. 80

House of Representatives

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mr. GIBBONS).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
June 8, 1999.

I hereby appoint the Honorable JIM GIBBONS to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 25 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes each, but in no event shall debate continue beyond 9:50 a.m.

The Chair recognizes the gentleman from Texas (Mr. DOGGETT) for 5 minutes.

THE ABUSIVE TAX SHELTER SHUTDOWN ACT OF 1999

Mr. DOGGETT. Mr. Speaker, long ago, Will Rogers suggested that, "people want just taxes even more than they want lower taxes. They want to know that every man is paying his proportionate share according to his wealth."

Today, some of our worst tax inequities arise from those who use abusive tax shelters to exploit loopholes in the Tax Code. To stop these, and to make

our tax system more fair and just, I am introducing the Abusive Tax Shelter Shutdown Act of 1999.

Forbes Magazine, which proudly proclaims itself "The Capitalist Tool," recently reported on, as the cover of the magazine says, what are called "Tax Shelter Hustlers: Respectable accountants are peddling dicey corporate tax loopholes." Here on the cover, we see the fellow with the fedora standing in the shadows. Unlike those supermarket tabloid stories about UFO abductions, with this particular cover, the substance inside actually lives up to the teaser on the cover. It is true that most abusive tax shelters are already against the law. The problem is that every time we shut down one, more spring up. That is not by accident because, as Forbes also reported, some of the Big 5 accounting firms actually have teams of staffers, and my guess is that most of them dress a little better than this fellow does, who are out there and have as their job to come up with one new tax shelter every single week.

Deploing what he calls the "energy, creativity and viciousness" of these so-called "shelter shops," Calvin Johnson, a professor of tax law at the University of Texas, has labeled these hustling operations "skunk works" because of the sorry odor surrounding their fouling of our tax system. The literal hustling of improper tax shelters is so commonplace that one representative of a Texas-based multinational corporation has recently indicated that he gets a cold call every day from someone hawking or hustling one of these shelters.

Some are even called black box proposals. They are kept under wraps and they are not offered to any but a select few so as to avoid public notoriety. As a partner at one national firm boasted, "A whale cannot get harpooned unless it surfaces for air."

What a whale-sized gulp of arrogance toward honest taxpayers everywhere

who dutifully file our returns on April 15 and who have to make up for the taxes that the big boys dodge.

My legislation will curtail egregious behavior without impacting legitimate business deals. It will eliminate the well-justified feeling that these high rollers are cheating and gaming the system, a feeling which leads to distrust and disrespect on behalf of our taxpaying public.

This bill seeks to shut down abusive tax shelters by prohibiting loss generators. These are transactions that lack any legitimate business purpose that are ginned up just to obtain another tax loss, credit or deduction in order to dodge taxes.

The second thing the bill does is it says that a company which thinks it has a proper shelter will be required to provide complete, clear and concise disclosure, verified by a corporate officer. This does not make them forfeit their buried pirate treasure but on these complex transactions it does require them to give up the map where X marks the spot of the treasure.

These disclosure provisions were drafted based on the sound advice of tax practitioners; not the kind of practitioner that is proud to define their success by having another loophole named after them, but the thoughtful commentary of the tax section of the American Bar Association.

The third provision is directed to the penalty for tax dodging, and we tighten and increase the penalty for such tax dodging. Just getting some thick carpet, downtown lawyer to bless what the accounting department has contrived with the help of these tax shelter hustlers is no longer going to be sufficient to save a corporation from penalties if it has clearly stepped over the line with an abusive tax shelter.

These abusive tax shelters have grown and have become so extensive that some experts estimate that they account for \$10 billion a year in lost

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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tax revenue. Typical is a recent ad selling a guide to offshore tax shelters that ran in the *Wall Street Journal*. Featuring a happy, smiling, bikini-clad couple, sipping cocktails on the beach, obviously enjoying the good life at someone else's expense, the ad promised, "Live simply and easily make a tax-free fortune using the world's most exotic places," and you can do all this, it claimed, "in complete privacy and full protection from everyone, including your spouse, competitors, partners and more."

Such schemes suggest the challenge that we face. Surely if locally owned businesses in central Texas can play by the rules, the big boys should, too. The Abusive Tax Shelter Shutdown Act is not a panacea but it will help law enforcement close some loopholes, eliminate the sham transactions and stop the hustlers.

As we say in Texas, move 'em out and shut 'em down.

TURKEY MUST ACCEPT KURDISH PEACE OFFER

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Mr. Speaker, there are some who call it the "trial of the century." Abdullah Ocalan, the imprisoned Kurdish rebel leader, is on trial before a Turkish military tribunal. The trial could hardly be called fair. Mr. Ocalan, who faces the death penalty if convicted, has been denied access to his lawyers. His legal team has faced a pattern of harassment and threats.

The Turkish government and media have stirred up nationalistic passions against Mr. Ocalan. If the Turkish government forges ahead with legally railroading Mr. Ocalan and the threat to hang him is carried out, the result would be disastrous for all the people of the region. Yet interestingly enough, the trial of Mr. Ocalan has created a potentially positive and long overdue opening towards reconciliation between the Turkish and Kurdish peoples.

Standing in the dock at his show trial, Mr. Ocalan made a brave plea for a negotiated, Democratic solution to the Kurdish question. Mr. Ocalan's organization, the Kurdish workers' party known as the PKK, has announced its support for Mr. Ocalan's peace offer. With the media attention that the trial is attracting, putting the Kurdish issue in the spotlight to an almost unprecedented degree, Turkey could vastly improve its international standing by simply agreeing to begin negotiations with the Kurdish leaders but, sadly, Mr. Speaker, so far the Turkish government has rejected the path to peace insisting that it will not negotiate with Mr. Ocalan or any leaders of the Kurdish movement.

Yesterday's *Washington Post* had an editorial entitled, "Turkey's Kurdish

Opening," which begins with these words: "Turkey may have a once in a generation opening to treat its national cancer, the problem of its aggrieved Turkish minority."

The editorial in the *Post*, a paper that has previously shown sympathy to the Turkish point of view on a number of issues, notes that the Turkish policy of relentless military and political attack on the Kurdish movement dooms Turkey to a conflict that sets it at odds with the human Democratic values of the western nations whose company it most values.

That is the bind, Mr. Speaker, that Turkey has put itself into. Turkey is a member of NATO and has sought membership in the European Union, so far unsuccessfully. At the same time, Turkey continues not only to wage a dirty war against a minority community within its borders but to repress and essentially deny the existence of a distinct Kurdish identity, language or culture.

In the meantime, Turkey's economic development, levels of education, infrastructure, development and standard of living, lag far behind European standards while scarce resources are squandered on its ongoing war against the Kurds. It is a cycle that must be broken.

As The *Washington Post* editorial concludes, "Friends of Turkey must hope it can muster the courage to broaden its perspective and to conduct an honest exploration of the Ocalan initiative."

Mr. Speaker, two recent articles in the *New York Times* suggest unfortunately that the Turkish political and military establishment is a long way from making this major leap. Last Friday, it was reported that Turkey's best known human rights advocate, Akin Birdal, entered prison to serve a 9½ month sentence for giving speeches judged subversive.

What was his subversive activity? Mr. Birdal, chairman of the Human Rights Association, has repeatedly urged the Turkish state to reach a peaceful settlement with Kurdish rebels. Now, as the article reports, such statements constitute support for terrorism under Turkish law. This same law has recently been used to convict two journalists, a university professor and an aide to Mr. Birdal. While some brave Turks, including the country's top judge, have called for repeal of the law, the hardline regime refuses to give in.

Mr. Speaker, in an effort to encourage the U.S. Government to play a constructive role in heading off the crisis in Turkey, my colleague, the gentleman from California (Mr. FILNER) and I, are circulating a letter this week asking our colleagues to sign a letter to President Clinton urging his intervention to implore that the Turkish authorities show some basic fairness in trying Mr. Ocalan and to spare his life. Seeking a fair trial for Mr. Ocalan should be the first step in our efforts to

press Turkey to enter into negotiations to achieve a political solution to this tragic struggle.

Mr. Ocalan and his Kurdish organization have offered an olive branch to the Turkish government. It would be both the decent and the smart thing to do for Turkey to accept this good faith offer and to embark on the path of peace.

In fact, Mr. Speaker, Mr. Ocalan made several previous cease-fire offers prior to his arrest—all of which were summarily rejected by the Turkish government and military officials.

An article in Sunday's *New York Times* further describes the hardening of official attitudes in Turkey. According to the article, the Turkish Interior Ministry has issued a directive listing terms that must be used when discussing Mr. Ocalan, his movement or Kurds in general. The rules are binding on all reporters for state-run news agencies. It represents another example of the ongoing pattern of inciting nationalistic fear and distrust of the PKK, while trying to blind the Turkish people to the Kurds, their history, their culture and the validity of their struggle.

Mr. Speaker, the Turkish regime refuses to even acknowledge the Kurds' existence, referring to them as "mountain Turks," prohibiting all expression of Kurdish culture and language in an effort to forcibly assimilate them, while jailing, torturing and killing Kurdish leaders. The Government of Turkey's undeclared war on the Kurds has claimed close to 40,000 lives and caused more than 3 million people to become refugees.

RECESS

The SPEAKER pro tempore. There being no further requests for morning hour debates, pursuant to clause 12, rule I, the House will stand in recess until 10 a.m.

Accordingly (at 9 o'clock and 11 minutes a.m.) the House stood in recess until 10 a.m.

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AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SHAW) at 10 a.m.

PRAYER

The Reverend Dr. Peter M. Kurowski, St. Paul's Lutheran Church, California, Missouri, offered the following prayer:

Let us pray. Lord God, enlighten us to see that unless You build the house, in vain the artisans toil; and unless You stand sentry upon a nation, in vain do our guardians watch. Open our eyes to see Your awesome fingerprints in creation, Your amazing footprints in the realm of redemption, and Your architectural imprints upon the documents which helped to give birth to this Republic. May these revelations move citizens everywhere to walk humbly, do justice, and show compassion. Inspire a desire in Americans everywhere to absorb the Biblical book of Ecclesiastes so that as a nation we do